

United States Senate

May 27, 2021

The Honorable Gary Gensler
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Dear Mr. Chairman:

We write to draw your attention to an unusual situation that is of great importance to 80,000 Californians who were victims of recent serious wildfires and entered into a settlement agreement with Pacific Gas and Electric (PG&E). Payments under that settlement agreement are now being impacted by a provision of law originally written to govern concerns of insider trading. We ask that the Securities and Exchange Commission promptly review this matter and determine whether an exemption of Section 16(b) of the *Securities Exchange Act of 1934* is appropriate, given the major financial impact it is having on many Californians.

California has been devastated by a series of wildfires in recent years, and PG&E equipment was found to be responsible for three major fires in 2015, 2017, and 2018. In 2019, PG&E and victims of these wildfires reached a settlement that set up a Fire Victim Trust funded with cash considerations and 477 million shares of PG&E stock, the latter valued at approximately \$5.2 billion at that time.

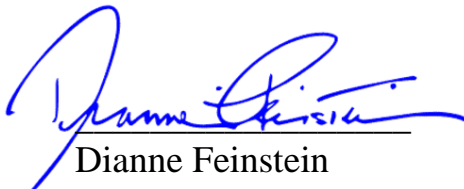
According to the Internal Revenue Service, this transaction requires a share exchange in order for the victims to not suffer tax penalties on the gains since the time of settlement. Consequently, the Fire Victim Trust will have to exchange its existing stock before immediately selling it. According to the Trust, such an exchange will trigger Section 16(b) of the *Securities Exchange Act of 1934*, and require the Trust to give up any profits made on the sale of the stock to PG&E. This would mean that any gain in PG&E stock value during the time the Trust holds the shares would go to PG&E instead of to the wildfire victims.

As you know, Section 16(b) was designed to discourage insider trading, not the exchanges implicated here to benefit wildfire victims.


We understand that the office of Justice John Trotter, Trustee of the Fire Victim Trust, has been in communication with SEC staff to discuss a resolution to this situation. We appreciate the recognition by your staff of the importance of this issue to the victims of these wildfires, many of whom are in urgent need of settlement funds to help them rebuild their lives. We ask the Commission to expeditiously act to consider an exemption for the PG&E Fire Victim Trust.

We would be pleased to discuss this matter with you at your convenience should that assist in a prompt resolution to this issue. Thank you for your attention to this important matter.

Sincerely,



Dianne Feinstein
United States Senator



Alex Padilla
United States Senator

CC: The Honorable Hester M. Peirce
The Honorable Elad L. Roisman
The Honorable Allison Herren Lee
The Honorable Caroline A. Crenshaw